

DELPHI

April 8, 2004

Furukawa Electric Co., Ltd.
Attn: Mr. Hironori Suzuki, General Manager
20-16 Nobono-Cho
Kameyama-Shi, Mie 519-0292
JAPAN

Re: Furukawa Breach of Contract

Dear Mr. Suzuki:

In accordance with the terms and conditions of Delphi's Purchase Order 90I4710 and Long Term Contract dated 7 September 2000, copies of which are attached for your reference, please consider this letter notice of contract cancellation for breach of warranty, effective immediately.

Delphi has documented that Furukawa deliberately made and withheld relevant information pertaining to unauthorized changes to the slip ring plating. This change in turn, led to unprecedented Electric Power Steering ("EPS") failures and vehicle warranty returns to Delphi's largest customer, General Motors. This change was not only implemented without notification to Delphi, but was made despite the fact that Delphi specifically instructed Furukawa not to make such change.

The unprecedented warranty returns have put Delphi and GM at risk in the marketplace during the launch of not only GM's new Malibu vehicles, but also the leading-edge replacement technology to Delphi's hydraulic power steering systems. In addition, the National Highway Traffic Safety Administration ("NHTSA") has opened an investigation into alleged EPS failures involving 2004 Malibu vehicles.

Delphi reserves any and all rights and remedies it may have against Furukawa, specifically including the right to recover from Furukawa any and all costs related to warranty returns, recall expenses, liability and expenses from the ensuing use of Furukawa's sensors.

Delphi expects immediate reimbursement for the production tool monies paid to Furukawa for this business in the amount of US\$591,365.

Sincerely,

Delphi Saginaw Steering

By: Ted Seeger
Ted Seeger
Its: Engineering Director EPS

Delphi Saginaw Steering

By: Beverly Gaskin
Beverly Gaskin
Its: Purchasing Director